

Date: May 10, 2006 Planning Commission Meeting

Item No.

**MILPITAS PLANNING COMMISSION AGENDA REPORT**

Category: New Business

Report Prepared by: Felix Reliford

Public Hearing: Yes: \_\_\_\_\_ No: X\_\_\_\_\_

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**TITLE:** Annual Review of General Plan Housing Element Implementation

Proposal: Review of General Plan Housing Element Policies

Location: City of Milpitas (Citywide)

APN: N/A

**RECOMMENDATION: Note Receipt and File**

Applicant: City of Milpitas

Property Owner: N/A

Previous Action(s): Previous Housing Element Review by Planning Commission-  
March 23, 2005  
Housing Element Adopted by Planning Commission-Sept. 25, 2002

General Plan Designation: N/A

Present Zoning: N/A

Existing Land Use: N/A

Agenda Sent To: All Interested Parties

Attachments: General Plan Housing Element Policies  
Summary of Milpitas Affordable Housing**BACKGROUND**

At its meeting on March 21, 2006, staff provided the City Council with an annual update report on the General Plan Housing Element Implementation, to determine the City's progress on meeting its housing goals. On September 25, 2002, the Planning Commission held a public hearing and recommended adoption of the current Housing Element. The Council adopted the Milpitas Housing Element in October 2002. In November 2002, the Housing Element was forwarded to the State of California, Department of Housing and Community Development (HCD), which found the Milpitas Housing Element to be in compliance with state law. In March 2003, HCD provided the City of Milpitas with its Local Government Leadership Award on the Housing Element and has used the Housing Element document as a model for the state.

The next General Plan Housing Element is due on June 30, 2009. This date has been recently changed by HCD/ABAG. At its meeting on April 18, 2006, the City Council authorized approval of staff to send out Request for Proposals (RFP's) to housing consultants to assist in the preparation for the next state-mandated Housing Element. The RFP for consultants to bid on and prepare the General Plan Housing Element will be sent out at a later date.

**Status of Housing Element Policies Implementation**

The following is a summary of ABAG'S housing need allocation for Milpitas through June 30, 2007.

<u>Income-Level</u>	<u>Units</u>	<u>Percent</u>
Very-low (50% AMI)	698	16 %
Low (51%-80% AMI)	351	8.1%
Moderate (81%-120% AMI)	1,146	26.4%
Above Moderate	<u>2,153</u>	<u>49.5%</u>
Total:	4,348	100%

(AMI): Area Median Income

To date, Milpitas has provided 3,355 (77%) of the total number of units required by ABAG. An additional 715 units have currently anticipated be reviewing and considering for approval by the Planning Commission and City Council:

<u>Proposed Projects</u>	<u># of Units</u>	<u># of Affordable Units</u>
CA Towers	176	35
Aspen Apartments	147	29
Baystone	387	77
Senior Housing Solution	<u>5</u>	<u>5</u>
Total:	715	146

If the proposed projects above were approved, a total of 4,070 units would have been constructed in Milpitas. This would present 94% of the ABAG fair share allocation. The last ABAG reporting period, Milpitas met 82% of its regional housing needs, and the cities in Santa Clara County on an average met 56% of their housing goals.

Staff is still negotiating with several developers on other conceptual projects to determine the level of affordability and the ratio for very low, low and moderate income-households to continue to meet the ABAG regional housing goals.

### **Affordable Housing:**

Currently, City of Milpitas has 727 affordable housing units with long-term affordability restrictions. An additional 389 affordable units have been approved and are under construction. Approximately 6 months prior to completion of construction of the approved projects, staff will be executing the restriction agreements for the affordable units. If all of the proposed projects are approved and constructed within the next 2-3 years, Milpitas will have a total of 1,262 affordable housing units as part of the City's overall housing stock.

It should be noted that City of Milpitas Mobilehome Park Rental Increase Ordinance adopted in 1992 provides affordability to 572 mobilehome-park residents, which served as another means of affordable housing. **This will bring the total number of affordable units to 1,834 in Milpitas. This would present over 10% of the total City housing units (approximately 18,000+ units citywide).**

Given the number of affordable units that will be constructed in Milpitas over the next few years, in the near future staff will be requesting approval from the City Council to hire a consulting firm to assist on monitoring the affordable units and assistance in seeking affordable housing grants from various resources.

On February 21, 2006, Milpitas Redevelopment Agency approved a resolution authorizing staff to seek additional affordable housing funds from Proposition 46 funding (\$2.1 billion Housing Bond Initiative passed by the voters in 2002) and the ability to leverage the Redevelopment Agency funds for future affordable housing projects.

The next review of the General Plan Housing Element by the State of California, Department of Housing and Community Development (HCD) will be **June 30, 2009**. This date has recently been changed (from June 30, 2007) by HCD/ABAG to allow the completion of the ABAG Regional Housing Needs Determination, which is required by the state-mandated housing element law.

### **Milpitas Housing Element Policies**

The Milpitas General Plan Housing Element Guiding Principles and Implementation Policies are included in the agenda packet and a summary of Milpitas affordable housing for City Council's review.

**Recommendation: Note Receipt and File.**

## SUMMARY OF MILPITAS AFFORDABLE HOUSING

### Existing Projects

Total Number of Existing Units in Affordable Housing Projects:	1,769
Total Number of Affordable Housing Units:	727
Total Number of Senior Housing Units:	150
Total Percentage of Affordable Housing Units:	41%

### Approved Projects

Total Number of Approved Units in Affordable Housing Projects:	1,586
Total Number of Affordable Housing Units:	389
Total Number of Senior Housing Units:	102
Total Percentage of Affordable Housing Units:	25%

### Proposed Projects

Total Number of Proposed Units in Affordable Housing Projects:	715
Total Number of Affordable Housing Units:	146
Total Number of Senior Housing Units:	5
Total Percentage of Affordable Housing Units:	20%

### Total Existing, Approved and Proposed Projects

Total Number of Units in Affordable Housing Projects:	4,070
Total Number of Affordable Housing Units:	1,262
Total Number of Senior Housing Units:	257
Total Percentage of Affordable Housing Units:	31%

Attachments:

Existing Affordable Housing Projects  
 Approved Affordable Housing Projects  
 Proposed Affordable Housing Projects

**EXISTING MILPITAS AFFORDABLE HOUSING**

<b>AFFORDABLE HOUSING PROJECTS</b>	<b><u># of Units</u></b>	<b><u>Very Low</u></b>	<b><u>Low</u></b>	<b><u>Moderate</u></b>
• Crossing Apartments	468	94	N/A	N/A
• Montevista Apartments	306	77	76	153
• Parc Metropolitan	450	N/A	10(*)	18(*)
	N/A	35(**)	33(**)	
• Summerfield Homes	110	N/A	22	N/A
• Terrace Gardens	150	150	N/A	N/A
• Parc Place	<u>285</u>	<u>18</u>	<u>6</u>	<u>34</u>
<b>Total:</b>	<b>1,769</b>	<b>374</b>	<b>147</b>	<b>206</b>

**Total number of existing affordable units: 727**

**Total percentage of affordable units: 41%**

**Total number of senior housing units: 150**

(\*) Condominium Units

(\*\*) Apartment Units

**APPROVED MILPITAS AFFORDABLE HOUSING**

<b>AFFORDABLE HOUSING PROJECTS</b>	<b><u># of Units</u></b>	<b><u>Very Low</u></b>	<b><u>Low</u></b>	<b><u>Moderate</u></b>
• Apton Plaza	93	9	N/A	10
• Edsel Court	16	4(*)	N/A	N/A
• Fairfield Development	481	24	6	74
• KB Homes(***)	681	N/A	N/A	110
• South Main Street	147	9	N/A	20
• Milpitas Senior Housing Project	103	102	N/A	1(**)
• Town Center	65	4(*)	N/A	16
<b>Total:</b>	<b>1,586</b>	<b>152</b>	<b>6</b>	<b>231</b>

**Total number of approved affordable units: 389**

**Total percentage of affordable units: 25%**

**Total number of senior housing units: 102**

(\*) Rehabilitation Units (8 Off-Site Units)

(\*\*) Moderate-Income Manager Unit

(\*\*\*) Developer \$5 million contribution to Milpitas Senior Housing Project

## PROPOSED MILPITAS AFFORDABLE HOUSING

<b>AFFORDABLE HOUSING PROJECTS</b>	<b><u># of Units</u></b>	<b><u>Very Low</u></b>	<b><u>Low</u></b>	<b><u>Moderate</u></b>
• CA Towers	176 (35 units required. Affordability to be determined)			
• Aspen Apartments	147 (29 units required. Affordability to be determined)			
• Baystone	387 (77 units required. Affordability to be determined)			
• Senior Housing Solutions(*)	5	5	N/A	N/A
<b>Total:</b>	<b>715 (146 units required. Affordability to be determined)</b>			

**Total number of proposed affordable units: 146**

**Total percentage of affordable units: 20 %**

**Total number of senior housing units: 5**

**(\*) Single-Family Residence will be classified as 5 independent living units (similar to SRO's- Single Room Occupancy Unit). All 5 units will be allocated to extremely low-income seniors**

## Housing Plan

Based on the needs, constraints and resources identified above, the following section of the Housing Element sets forth Milpitas's housing plan for the 2001-2006 planning period. The City has established this plan in consideration of its own local needs and priorities, as well as its obligations under State Housing Element law.

The Housing Plan is structured as a series of guiding principles and related implementing policies. Accompanying each implementing policy, there are one or more programs that the City will implement over the 2001-2006 planning period. These programs are summarized in a Five-Year Action Plan which presents the programs together with implementing agencies, funding sources and time-frames for implementation. Finally, the Housing Plan sets forth quantified objectives for housing construction, rehabilitation and conservation for the Housing Element planning period.

### A. Housing & Neighborhood Conservation

#### *Guiding Principles*

##### **A-G-1: Maintain High Quality Residential Environments**

The maintenance and improvement of the quality of life and historic integrity of existing neighborhoods is a high priority for the City of Milpitas.

##### **A-G-2: Preserve Housing Resources**

Milpitas will strive to maintain and preserve existing housing resources, including both affordable and market-rate units.

#### *Implementing Policies*

- **A-I-1:** Milpitas will continue to enforce housing codes and regulations to correct code violations in the most expeditious manner to protect the integrity of housing while minimizing the displacement of residents. The City will work to have all dwelling units that cannot be rehabilitated demolished, so that hazards will be eliminated and land will become available for new housing.

Code Enforcement Program: The City will aggressively enforce its existing codes through its Code Enforcement Program, utilizing all available authorities to compel property owners to correct code violations.

Replacement/Relocation Program: the City will assist any household displaced through code enforcement activities to relocate to other suitable and affordable housing units.

- **A-I-2:** The City will continue to provide assistance for the rehabilitation of housing units occupied by very low-income and low-income households during the



#### 5-year Housing Element Planning Period.

Housing Rehabilitation Program: The City will provide funds to assist very low- and low-income owner and renter households to undertake repairs to their homes to bring them into a good state of repair and maintain them as viable units in the local housing stock. The City will give priority for participation in this program to very low-, and low-income homeowners and renters who are subject to code enforcement actions that could otherwise lead to displacement of residents.

- **A-I-3:** New infrastructure should be replaced as needed to conserve older neighborhoods.

Capital Improvement Program: When updating its capital improvement budget, the City of Milpitas will allocate resources to rehabilitate and/or replace infrastructure in older neighborhoods whose infrastructure is approaching obsolescence.

- **A-I-4:** Milpitas will collaborate with other governmental, for-profit, and non-profit entities to ensure that no lower-income residents are adversely impacted by the conversion of existing affordable housing projects to market-rate rents.

Conversion Monitoring and Response Program: Monitor the status of units at risk of conversion to market rates through the State-mandated process for owners to provide notice of planned conversions. If notice is received, immediately contact qualified and interested non-profit organizations to begin developing plans to preserve, acquire, or replace the affordable units. Also, notify impacted tenants at least one-year in advance of the potential market conversion, and offer resources for assistance.

Below-Market Rate Financing Program: Utilize available tax-exempt bond financing, Redevelopment Housing Set-Asides, CDBG funds, and other resources as available to assist housing operators to acquire and preserve as affordable housing those units whose conversion to market rates is imminent.

- **A-I-5:** The City will maintain the existing stock of affordable housing provided through the private market, and provide tenant protections for apartment units at risk of condominium conversion.

Condominium Conversion Ordinance: The City will continue to administer a condominium conversion ordinance that was enacted with the intention of minimizing the negative impacts of conversions on the rental market.

Mobile Home Rent Control Ordinance: The City will continue to administer a mobile home rent control ordinance that regulates rental rates and landlord tenant relations for 572 mobile home units.

### **Housing and Neighborhood Conservation Quantified Objectives**

- Support the Rehabilitation of at least 50 housing units over the Housing Element planning period, including 20 units affordable to very low-income households, and 30 units affordable to low-income households.
- Conserve at least 572 existing affordable housing units, including 450 which are affordable to very low-income households and 120 which are affordable to low-income households.

## **B. New Housing Production**

### *Guiding Principles*

#### **B-G-1: Provide Adequate Sites for Housing Development**

The City of Milpitas will maintain adequate sites to accommodate its share of the regional housing need, including sites that would be appropriate for the development of housing affordable to very low-, low-, moderate- and above moderate-income households.

#### **B-G-2 Remove Constraints to Housing**

The City of Milpitas will take necessary steps to remove government and public infrastructure constraints to housing development.

### *Implementing Policies*

- **B-I-1:** Land use policies and development standards will be established to facilitate housing production.

Transit-Oriented Development Overlay Zone. Consistent with the newly adopted Draft Midtown Specific Plan, promote and support higher-density residential development within the Transit Oriented Development Overlay Zone around the Great Mall and Capitol Avenue light rail stations. Continue to implement the development standards described in this Housing Element (P.52), which include reduced setbacks, parking requirements, and open space requirements, as a means of promoting higher density housing within the Midtown area.

Minimum Housing Densities. Consistent with the newly adopted Draft Midtown Specific Plan maintain minimum densities of 21 units per gross acre in the mixed use district, 31 units per gross acre in the multifamily very high density area, and 41 units per gross acre around transit stations on very high density parcels.

Mixed-use Zoning District. Consistent with the newly adopted Draft Midtown Specific Plan, maintain a mixed use zoning district. The district specifically encourages the mixing of residential and commercial uses.

Allowance for Housing in the TC Town Center Zoning District. By 2004, pursue a zoning text amendment to allow housing at densities of up to 40 units per acre as a permitted use (rather than a conditional use) within the TC Town Center Zoning District.

Rezone Commercial and Industrial Land to Allow Mixed Use and Residential Development. Consistent with the Draft Midtown Specific Plan, allow multi-family residential development as a use by right in mixed use areas and residential districts in the Midtown area.

- B-I-2: Public infrastructure constraints to housing production will be addressed as feasible.

Sanitary and Storm Sewer Improvements. Coordinate with the Cities of San Jose and Santa Clara and the tributary agencies if needed to acquire sufficient wastewater capacity to serve residential development. Measures to be explored include the reduction of wastewater flows (through water conservation programs) and the purchase of surplus capacity from other agencies using the regional water pollution control plant. Continue to work with the Santa Clara Valley Water District to reduce the extent of the flood plain on the housing sites identified in the Draft Midtown Plan. On an ongoing basis, explore alternatives to the on-site retention of storm water on each housing site, including the development of an area wide retention pond or allowances for porous pavement and other pervious surfaces which can absorb runoff.

Transportation Improvement Costs. Continue to pursue state and federal grants and other financial measures which reduce the cost of off-site traffic improvements for housing developers in the City. At a minimum, State Transportation Improvement Program (STRP) and federal TEA-21 (or its successor program) funds will be pursued. This could also include the use of redevelopment funds to offset costs for projects that include a significant number of affordable housing units.

Union Pacific Site Access and Infrastructure Improvements. By 2004, develop a strategy to address access and infrastructure constraints on the former Union Pacific Rail yards site on the east side of Hammond Way. The strategy should address the development of an additional access route (potentially including another railroad crossing), and an internal network of water and sewer lines from the site perimeter.

Trade Zone Boulevard Sewer Services. By the end of 2003, develop an interlocal agreement with the City of San Jose to provide sewer service to the very high density residential sites along Trade Zone Boulevard. These sites currently lack sewer facilities.

Sewer Master Plan Follow-Up Measures. Following the completion of the City's Water/Sewer Master Plan in January 2003, take the necessary measures to adjust sewage capacity to the level necessary to support build out of the Midtown Specific Plan. As the Midtown Specific Plan EIR indicates, these measures could include the purchase of surplus capacity from other communities using the Water Pollution Control Plant, partial funding of a plant expansion or the implementation of additional water conservation and wastewater recycling measures.

Stormwater Detention Requirement Waivers. By spring 2003, develop an agreement with the Regional Water Quality Control Board to waive or reduce on-site stormwater detention requirements for infill and transit-oriented development projects within the Midtown area. In the event that a centralized stormwater detention pond is developed in Midtown Milpitas, its location should be on a site other than those identified in this Element as having housing potential.

Calculation of Density on Parcels with Stormwater Detention Ponds. In the event that on-site retention of stormwater is required on any housing site, the number of allowable housing units should be based on total site area, and not on the net developable area after the retention pond area should be transferred to the buildable portion of the site.

- **B-I-3:** Develop incentives and marketing strategies to promote the redevelopment of sites within the Midtown Specific Plan Area.

Midtown Task Force. During 2002 and 2003, convene a Midtown Task Force to develop incentives and strategies to promote the reuse of land within the Midtown Area. At a minimum, incentives should include fee subsidies and reduced off-site improvement requirements for projects incorporating substantial components of affordable housing. The Task Force should also act as a liaison to local property owners to facilitate the marketing of sites and the development of concept plans

Marketing and Promotional Materials. The City should continue to prepare marketing and promotional materials for Midtown, similar to the recently prepared Midtown Fact Sheet and glossy four-page brochure. This information should be made available to market-rate and affordable residential developers and distributed as appropriate through the City's Business Development efforts.

Expansion of Redevelopment Area. By 2004, the City should complete a feasibility assessment of expanding its Redevelopment Project Area to include portions of Old Town Milpitas and the Union Pacific Rail yards.

Commitment of Redevelopment Funds. The City should continue to commit a substantial share of its redevelopment funds to improve infrastructure within the Midtown area in order to facilitate the reuse of key housing sites. As feasible, redevelopment funds should also be used to underwrite development impact fees for affordable housing projects, thereby reducing developer costs.

Master EIR. Continue to use the Master EIR for Midtown to expedite environment review for subsequent projects that are consistent with the Midtown Specific Plan.

Land Acquisition and Site Assembly. The City will continue to assist willing sellers and prospective housing market-rate and affordable developers with the assembly of small parcels into larger, more viable housing sites. It will also continue to assist housing developers with land acquisition costs, as it did with the recently completed Monte Vista and Summerfield projects.

- **B-I-4:** Support the rezoning of marginal commercial areas to allow housing.

Rezoning of Dixon Landing Road and Fiesta Plaza from C1 to MXD by 2004. Work with property owners along the north side of Dixon Landing Road (between North Milpitas Blvd and Arizona Avenue) and at the Fiesta Shopping Plaza and adjacent vacant commercial parcel to pursue rezoning these sites from C1 (Neighborhood Commercial) to MXD (Mixed Use). The rezoning would allow multi-family housing on these sites but would allow most of the existing uses to remain as legal, conforming uses.

**New Housing production Quantified Objective**

- 4,348 new housing units between 1999 and 2006, including 698 units affordable to very low-income households, 351 affordable to low-income households, 1,146 affordable to moderate-income households and 2,153 affordable to above moderate-income households.

## **C. Housing Diversity & Affordability**

### ***Guiding Principles***

#### **C-G-1: Promote Housing Affordability for both Renters and Homeowners**

The City of Milpitas will use available resources to expand the number of new housing units affordable to very-low, low- and moderate-income households.

#### **C-G-2: Support Housing to Meet Special Needs**

The City of Milpitas strives to increase the range of housing opportunities for all residents, including those with special needs and those unable to afford market rate housing within the community. The City of Milpitas will place a priority on construction of housing that is appropriate to meet the needs of various special needs populations.

#### **C-G-3: Support Diversity and Creativity in Residential Development**

In recognition of the diverse needs of Milpitas' households, the City supports creativity in the design and development of housing projects.

### ***Implementing Policies***

- **C-I-1:** Facilitate the development of at least 351 new housing units affordable to low-income households and at least 698 new housing units affordable to very low-income households.

Below-Market Rate Financing Program (New Construction): Utilize available tax-exempt bond financing, Redevelopment Housing Set-Asides, CDBG funds, and other available resources to provide financing for housing affordable to very low- and low-income households.

Study Increasing the Redevelopment Housing Set-Aside. Examine the feasibility of increasing the redevelopment tax increment housing set-aside above 20 percent in-line with the City's ongoing commitment to supporting affordable housing production.

- **C-I-2:** The City of Milpitas will continue to target the provision of at least 20 percent affordable units within new multifamily residential projects.

Use the Planned Unit Development Process to Promote Affordable Units in Residential Projects. In conformance with policies established for new residential development by the Midtown Specific Plan, determine affordable housing requirements on a project by project basis, aiming for a minimum 20 percent affordable units in all housing developments.

- **C-I-3:** Milpitas will provide density bonuses and other incentives for projects which provide affordable units.

Amend Density Bonus Ordinance by 2004. Amend the Milpitas Zoning Ordinance to delete provisions for a Density Bonus Combining District and to instead allow density bonuses in all districts where housing is allowed. Local density bonus requirements should conform to state law.

Fee Subsidies for Affordable Housing. On a project by project basis, the City will continue to implement procedures for subsidizing development fees for housing developments with a large proportion of affordable units, or other housing meeting special needs in the community. In the event that the City adopts road impact fees or stormwater impact fees, similar subsidies will be considered for developments with a large proportion of affordable or special needs housing.

- **C-I-4:** The City will promote the ability of lower- and moderate-income households to become homeowners.

First-Time Homebuyer Program Needs Assessment. Explore the feasibility of instituting a first-time home buyer program for very-low, low- and moderate-income households in the City of Milpitas.

- **C-I-5:** On a citywide basis, Milpitas will promote housing for senior citizens, persons who are physically disabled, large households with lower incomes, single-parent households, and the homeless.

Emergency/Transitional Housing. Consistent with current City land use and zoning policies, maintain sites in the City of Milpitas that are suitable for use as transitional or emergency housing for individuals or families that are homeless or at risk of homelessness. Facilitate the development of emergency and transitional housing through financial and/or other incentives.

Supportive Services for Homeless Families and Individuals. Continue to support emergency services and housing resources consistent with the City's ongoing commitment to and participation in the Santa Clara County Continuum of Care Plan.

Zoning Amendment. Amend the Milpitas Zoning Ordinance to define the term "group dwelling" as including homeless shelters and conditional housing. Identify group dwellings as a conditionally permitted use in the recently created MXD Zoning district as in the R3 and R4 districts.